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FISCAL IMPACT STATEMENT

LS 6585

BILL NUMBER: HB 1730

NOTE PREPARED: Feb 21, 2009

BILL AMENDED: Feb 19, 2009

SUBJECT: Construction or Renovation of Public Buildings

FIRST AUTHOR: Rep. Kersey

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill indicates that a project for the construction, repair, alteration or retrofitting of a public building or structure to bring it into compliance with certain energy and environmental design standards is not subject to petition and remonstrance or referenda procedures.

Effective Date: July 1, 2009.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Under current law, a capital project is considered a controlled project if it will cost the political subdivision more than the lesser of \$2 M or an amount equal to 1% of the total gross assessed value of property within the political subdivision on the last assessment date (if that amount is at least \$1 M).

A controlled project for a school building for kindergarten through Grade 8 is subject to a referendum if the cost is more than \$10 M. A controlled project for a school building for Grade 9 through Grade 12 is subject to a referendum if the cost is more than \$20 M. Other controlled projects with a cost that exceeds the lesser of \$12 M or 1% of the assessed value (but at least \$1 M) are also subject to a referendum. Controlled projects that are not subject to a referendum are subject to the petition and remonstrance process.

Under this bill a project for the for the construction or renovation of a public building or structure to bring it

into compliance with the standards for existing buildings under the United States Building Council's Leadership in Energy and Environmental Design (LEED), or the Green Globes Two Globes level, or an equivalent standard is not considered a controlled project and therefore not subject to a petition and remonstrance process or referenda procedures.

This bill could have an impact on the construction or renovation of high cost capital projects such as schools and libraries. If, under current law, the project in question would not be subject to a referendum or a petition and remonstrance process or if the project would have been approved anyway then there is no fiscal impact under this bill. The political subdivision though may conclude it is more cost effective to implement LEED or Green Globe Two Globes standards when constructing or renovating the building.

On the other hand, if a project that would have been disapproved if subjected to a referendum or a petition and remonstrance process, is exempted because the political subdivision decided to implement LEED or Green Globes Two Globes standards then there is a short term impact and a long term impact. The short term impact is whether the initial costs for construction or renovation would be higher if LEED or Green Globe Two Globes standards were employed. The long term impact is whether any potential savings in operating cost (such as heating and electricity) because LEED or Green Globe Two Globes standards were employed would be enough to offset the initial increase in construction or renovation costs. The additional costs in the short run and potential long term savings are indeterminable at this time.

Circuit Breaker Impact. Under current law, any levy that is imposed as the result of a referendum is exempt from the property tax circuit breaker. If this bill results in an increase in debt service levies that were not approved in a referendum, then the cost of circuit breaker for civil taxing units and school corporations will increase if the circuit breaker has been triggered in the area.

Background Information on LEEDS and Green Globes rating systems: According to the U.S. Green Building Council's website, the LEED Rating System was created to provide the building industry with consistent, credible standards for what constitutes a green building. The rating is determined by earning points in a number of categories, including sustainable sites, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality, and innovation in design. Projects are awarded Certified, Gold, Silver, or Platinum certification depending on the number of benchmarks met.

Green Globes is an alternative rating system to LEEDS. It is an on-line building assessment tool that evaluates and rates the environmental performance of a new and existing buildings. Green Globes assists in the design of buildings that are energy and resource efficient, achieve operational savings. It has four rating scales: one, two, three or four green globes.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: All taxing units.

Information Sources: Green Globes Website, <http://greenglobes.com>; U.S. Green Building Council Website, <http://www.usgbc.org/>

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